

GLOSSARY¹

The **Federal Undergraduate Stafford Loan** is a simple interest, government guaranteed, no collateral loan. The interest rate effective through June 2002 is 5.35% while in school and 5.99% after leaving school. The interest rate is capped at 8.25%. Students may borrow while in school and begin repayment six months after leaving school or graduating. Dependent students may borrow between \$2,625 and \$5,500, depending on their educational level. Independent students may borrow between \$6,625 and \$10,500 depending on their educational level.

The **Federal Graduate Stafford Loan** is the same as the undergraduate loan, except that graduate students may borrow up to \$18,500 for graduate school and up to \$38,500 for medical school.

The **Federal PLUS (Parent Loan for Undergraduate Students)** is a simple interest, government guaranteed, no collateral loan. The interest rate effective through June 2002 is 6.79%. The interest rate is capped at 9.0%. Parents may be eligible to borrow up to the total cost of college less all financial aid received. Parents are eligible for the PLUS if they meet the minimum government credit requirements. Parents begin repayment 30 days after the final disbursement for the academic year. The PLUS is based on a ten-year repayment plan with no prepayment penalties.

A **Federal Pell Grant**, unlike a loan, does not have to be repaid. Pell Grants are awarded only to undergraduate students who have not earned a bachelor's or professional degree.

A **Federal Perkins Loan** is a low-interest (5%) loan for both undergraduate and graduate students with exceptional financial need. The school is the lender. The loan is made with government funds with a share contributed by the school. The student must repay the loan to the school. Depending on when the student applies, the level of need, and the funding level of the school, the student can borrow up to \$3,000 for each year of undergraduate study; \$5,000 for each year of graduate or professional study. A Perkins Loan borrower is not charged any fees. However, if the student skips a payment, makes a late payment, or makes less than a full payment, the student may have to pay a late charge in addition to any collection costs.

¹ Source: U.S. Department of Educational Student Financial Aid Home Page

A **Federal Supplemental Educational Opportunity Grant (FSEOG)** is for undergraduates with exceptional financial need, i.e., students with the lowest expected family contributions and gives priority to students who receive Federal Pell Grants. An FSEOG does not have to be paid back. There is no guarantee that every eligible student will be able to receive an FSEOG; students at each school may be awarded an FSEOG based on the availability of funds at that school. The student can receive between \$100 and \$4,000 a year, depending on the date of application, level of need, funding level of the school, and policies of the financial aid office of the school.

The **Expected Family Contribution (EFC)** is an amount that the student and his/her family are expected to contribute toward the student's education. If the EFC is below a certain amount, the student will be eligible for a Federal Pell Grant, assuming all other eligibility requirements are met. The EFC data elements may be adjusted under certain circumstances, e.g., the EFC may be adjusted to consider the family's elementary and secondary tuition expenses, their medical and dental expenses not paid for by insurance, unusually high child care expenses, a family member's recent unemployment, a parent's own education expenses, or other changes in a family's income, a family's assets, or a student's status.

Unmet/overmet financial need is calculated by subtracting the expected family contribution (EFC) and the assistance (grants/scholarships, loans, and employment) provided by the institution or other sources from the cost of attendance (tuition, fees, books, room and board).

A **subsidized** loan is awarded on the basis of financial need. The student will not be charged any interest before beginning repayment or during authorized periods of deferment. The federal government subsidizes the interest during these periods.

An **unsubsidized** loan is not awarded on the basis of need. The student will be charged interest from the time the loan is disbursed until it is paid in full. If the interest is allowed to accumulate, it will be capitalized, i.e., the interest will be added to the principal amount of the loan and additional interest will be based on the higher amount.

The **Partnership Loan Program** is a private, non-need-based loan, which allows students to borrow the difference between the cost of attendance and any other financial aid awarded. The program has flexible features that enable families to choose conditions that best meet their personal circumstances. These features include the choice between a fixed or variable interest rate, three repayment options, and optional co-borrower provisions.

Iowa Minority Academic Grants for Economic Success (IMAGES) grants help students who enter the University of Iowa, Iowa State University, or the University of Northern Iowa and demonstrate financial need. An IMAGES grant is limited to a student's yearly financial need or \$3,500, whichever is less. This grant helps to cover tuition and room and board, and supplements other sources of funding. To receive priority consideration for an IMAGES grant, a student must be African-American, Native American, Hispanic-American, or Asian-American, and participate in at least one College Bound program while in 7th - 12th grade.

College Bound programs consist of campus visits, summer programs, and partnerships between universities, communities, and schools. Participating students gain a broader awareness of different cultures, stronger academic skills, and a sense of comfort with the campus environment. In particular, students come to realize that college can be part of their future.